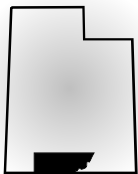


County Trends



Kane

March 2003

A Local Economic Perspective

An Economic Roller Coaster Ride

Lately, most of Kane County's indicators have taken an economic roller coaster ride. However, their clues suggest a less than robust business sector.

The Job Growth Pendulum

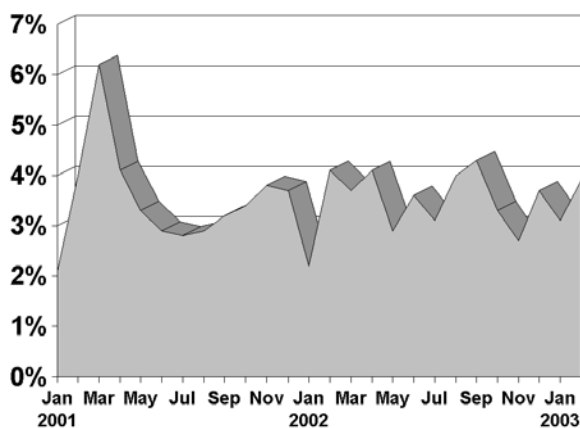
Job growth (or lack thereof) has shown the most volatility in recent months. However, a huge job dip occurred in early 2002 at more than 6 percent. Then the pendulum took a swing back up to almost 6 percent growth in July. But, by the end of third quarter 2002, the county barely eked out positive growth.

Data for September 2002—the most current available—shows year-over employment expansion of only 0.2 percent. That represents a net gain of less than 10 positions.

Many more industries lost jobs than gained them. Retail trade and accommodations/food services took the largest employment hits. Local government (which includes the school district) also showed a significant employment decline.

On the positive side, construction and recreation added enough jobs to offset the declines in other industries. Moreover, the announcement that Zions Bank will be locating a customer service center in the county should prop up employment numbers.

Seasonally Adjusted Kane County Unemployment Rates

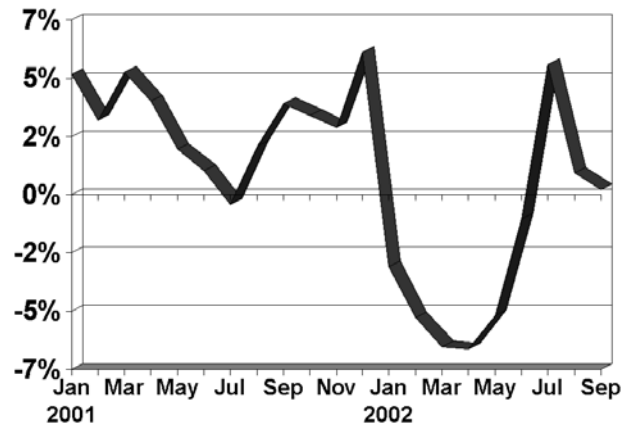


Source: Utah Department of Workforce Services.





Year-Over Change in Kane County Employment



Source: Utah Department of Workforce Services.

To the Point

Kane County's employment growth has taken a wild ride in recent months. Currently, the county is showing only marginal labor market expansion. However, the county's one strength is its moderate unemployment rates. Other indicators suggest the county is mired in malaise.

(If you still aren't familiar with these new "NAICS" industry groupings, you aren't alone! Check out this website: <http://jobs.utah.gov/wi/Naics/dwsdefault.asp>)

In comparison to the vacillations in job growth, unemployment rates in the county seem almost stable. True, the rates have had their ups and downs, but they've kept to a fairly narrow corridor between 3 and 4 percent. The February 2003 rate measured only 3.9 percent—noticeably below the state and national averages. So, while the job market has gone through some wild fluctuations, most workers have been able to find employment.

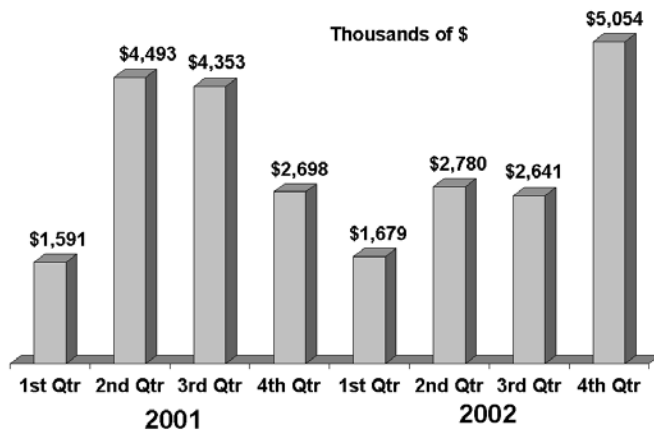
Construction Dips Slightly

Construction permitting also has varied widely from quarter to quarter. However, we expect that behavior from this particular industry. The final quarter of 2002 ended nicely with an 87-percent year-to-year increase. However, this last-minute construction rush wasn't enough to keep the whole year in the black. Annual 2002 figures show a slight 8-percent decline in authorized construction values.

A decrease in the number of authorized new homes proved the main culprit behind construction's slight 2002 drop. New dwelling unit permits dropped 18 percent in comparison to 2001 and the value of those permits slipped by about 12 percent. But, while Kane County residents might not be building new homes, they are remodeling and making additions to their

Total Kane County Approved Construction Values

3



Source: Utah Bureau of Economic & Business Research.

existing houses. Almost \$1.3 million in home renovations was approved—a 75 percent increase over 2001.

Nonresidential construction surged ahead in 2002. Values rose almost 20 percent. Larger projects included one public building and one retail store.

Sales Continue to Slide

Kane County continued to experience difficulty in the sales arena. In the past two years, gross taxable sales have increased in only two quarters. Third quarter 2002 didn't depart from that path. Sales dropped 6 percent in comparison to an already poor third quarter 2001. Sales in retail trade were particularly sluggish but a decline in services and wholesale trade sales pushed the overall sales rate into negative territory.

Looking Forward

War fears have seemed to derail a barely recovering national economy in recent months. If the national economy takes a second recessionary dip, Kane County's economy may face even more challenges in the months ahead.

Lecia Parks Langston, Regional Economist
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Quick Facts

February 2003

Unemployment Rate

Kane County	3.9%
Utah	5.3%
U.S.	5.8%

June 2002 Change from Previous Year

Job Growth

Kane County	0.2%
Utah	-0.9%
U.S.	-0.7%

4th Qtr 2002 Change from Previous Year

Construction Values

Kane County	87.3%
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3rd Qtr 2002 Change from Previous Year

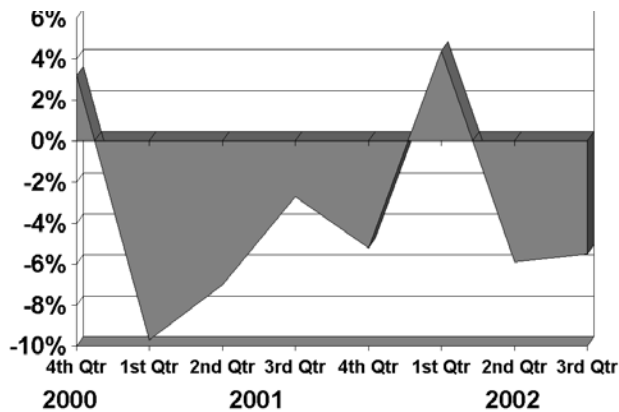
Sales

Kane County	-5.5%
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Source: Utah Dept of Workforce Services,
 Bureau of Labor Statistics,
 Utah Tax Commission,
 Bureau of Econ & Business Research.

For more economic information about Kane County see:
<http://jobs.utah.gov/wi/regions/county.asp>

Year-Over Change in Kane County Gross Taxable Sales



Source: Utah Tax Commission.

The mission of the Utah Department of Workforce Services is to provide quality, accessible, and comprehensive employment-related and supportive services responsive to the needs of employers, job seekers, and the community.

What's Up? ⁴

- Zions Bank is setting up a new customer service call center in Kanab that could create 35 to 40 jobs this year and another 35 positions over the next three years.
- Construction has begun on the 190-seat Crescent Moon Theater in Kanab. The theater will be home to a western music and variety show six nights a week during the May-October tourist season.

For more economic events, see:

<http://jobs.utah.gov/wi/Regions/western/kane/Kane2.asp>



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Equal Opportunity Employment Program

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